

# BUDGET LETTER

<b>SUBJECT:</b> PAYMENT OF VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD CLAIMS, DEPARTMENT OF JUSTICE SETTLEMENTS AND JUDGMENTS	<b>NUMBER:</b> BL 03-40
<b>REFERENCES:</b>	<b>DATE ISSUED:</b> November 7, 2003
	<b>SUPERSEDES:</b> BL 02-38

**TO:** Departmental Budget Officers  
Departmental Accounting Officers  
Department of Finance Budget Staff

**FROM:** DEPARTMENT OF FINANCE

Legislation authorizes payment of government claims approved by the California Victim Compensation and Government Claims Board (Board, formerly "Board of Control") and Department of Justice (DOJ) settlements and judgments in one of two ways. First, when the Board or DOJ has identified the appropriation to be charged and the accounting office of the affected department has certified that the necessary funds are available, chaptered legislation may reduce individual Budget Act items and transfer the authority for payment of claims to the Board or DOJ. Second, when there is no other statutory authority for payment or if there are insufficient funds available in an individual appropriation, chaptered legislation may authorize the Board or DOJ to pay claims directly from specified fund balances.

Occasionally, errors or subsequent changes will cause an incorrect fund to be charged to pay a claim. When this occurs, the department's accounting office, the Controller's Office, or the Department of Finance (Finance) informs the Board or DOJ of any error identified in the chaptered legislation. Once the errors are identified, the Board or DOJ then notifies the Controller of the correct fund and/or item of appropriation from which to pay the claim. In these instances, the Supplementary Schedule of Appropriations (Schedule 10s) will reflect the correct fund. As a result, when the citations and/or amounts in the chaptered claims bill do not agree with the citations and/or amounts reflected in the Schedule 10s, the information reflected on the Schedule 10s is considered the accurate data.

Attachment A provides a sample of how these adjustments are reflected in the various budget documents (e.g., the Schedule 10s, the Reconciliation with Appropriations (RWA), and the Fund Condition Statements).

## **Reductions to Departmental Appropriations**

Chapter 95, Statutes of 2002, and Chapter 7, Statutes of 2003, authorized reductions to 2002 Budget Act items. Chapter 232, Statutes of 2003, authorizes reductions to 2003 Budget Act items. However, the second equity claims bill for 2003 did not pass during the recent legislative session. Further reductions to 2003 Budget Act items will be reflected as pending legislation. For reference purposes only, these reductions can be found in SB 96, 2002-2003 legislative session.

For the past and current years for Board of Control Claims, please refer to the following information:

- Schedule 10s: Finance's Financial Operations Unit preposted the chaptered and pending Legislative Claim reductions to the affected departments' items.
- Departmental RWAs: A separate line will display the Legislative Claims reductions reflected in the Schedule 10s (Attachment A, Part A). No action by departments is necessary.
- New automated Fund Condition Statements: Expenditures are reflected under 9670 Legislative Claims for the appropriate funds. No action by departments is necessary.
- Planning Estimate (PE) worksheets: The transfer of expenditure authority was preposted as a negative amount on PE line 0600, "Transfer To (within a fund)" in Finance's internal Planning Estimate System. Correspondingly, the 9670 PEs will reflect the expenditure authority as a positive amount on PE line 0650, "Transfers From (within a fund)".
- Legislative Claims budget display: Because the chapters transfer the authority for payment of the claims to the Board or the DOJ, the claim payments (expenditures) are reflected in the Legislative Claims budget (9670) (see Attachment A, Part B) rather than in a department's program budget.

### **Direct Charges to Fund Balances**

When an appropriation is not identified, the Board or the DOJ pays claims directly from specified fund balances. The new automated Fund Condition Statements will display the Legislative Claims budget (9670) (see Attachment A, Part B). No action by departments is necessary.

Please call Marcia Caballin, Principal Program Budget Analyst, or John Al-Amin, Finance Budget Analyst, at (916) 445-8913 if you have any questions.

*Veronica Chung-Ng*

Veronica Chung-Ng  
Program Budget Manager

Attachment

#### **Upcoming Budget Letters**

- Control Section 3.60 Adjustments
- Employee Compensation Adjustments
- Checklist of Information to include Budget Galley

**SAMPLE SITUATION**  
**2660 DEPARTMENT OF TRANSPORTATION**  
**Part A**

RECONCILIATION WITH APPROPRIATIONS			
1 STATE OPERATIONS			
042 State Highway Account			
(in thousands)			
APPROPRIATIONS	PY	CY	BY
001 Budget Act appropriation	\$100	\$125	\$200
Transfer to Legislative Claims (9670) ( <i>Situation 1</i> )	—	<u>-15</u>	—
TOTALS, EXPENDITURES	\$100	\$110	\$200

FUND CONDITION STATEMENT			
042 State Highway Account			
(in thousands)			
	PY	CY	BY
BEGINNING BALANCE	XXX	XXX	XXX
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EXPENDITURES			
Disbursements:			
2660 Department of Transportation:			
State Operations	100	110	200
9670 Legislative Claims:			
State Operations			
( <i>Sum of Situation 1</i> <i>and Situation 2</i> )	<u>10</u>	<u>35</u>	—
Totals, Disbursements	\$110	\$145	\$200

SCHEDULE 10 - CURRENT YEAR			
(in whole dollars)			
	Auth	Exp	Sav
--INITIAL AUTHORIZATION--			
Unscheduled	125,000		
--TOTAL--	125,000		
--ADJUSTMENTS--			
(480) Transfer to Leg Claims per Ch X/XX ( <i>Situation 1</i> )			
Unscheduled	-14,785		
--TOTAL--	-14,785		
--REVISED APPROPRIATION TOTALS--			
YOY			
Unscheduled CY	110,215	110,215	
--TOTAL--	110,215	110,215	

**Part B**  
**9670 EQUITY CLAIMS OF CALIFORNIA VICTIMS COMPENSATION AND**  
**GOVERNMENT CLAIMS BOARD AND**  
**SETTLEMENTS AND JUDGMENTS BY DEPARTMENT OF JUSTICE**

RECONCILIATION WITH APPROPRIATIONS			
1 STATE OPERATIONS			
0494 Special Funds			
(in thousands)			
(042 State Highway Account)	PY	CY	BY
APPROPRIATIONS			
Ch x/xx ( <i>Situation 1</i> )	-	\$15	-
Ch y/xx ( <i>Situation 2</i> )	<u>\$10</u>	<u>20</u>	—
TOTALS, EXPENDITURES	\$10	\$35	—

**NOTE:** Italicized comments are for illustration only and are not to be included in actual budget documents.